Clinton vows to restore economy, American dream

WASHINGTON, Nov 5: President-elect Bill Clinton, calling his sweeping electoral victory a mandate for "a new beginning", has pledged to restore economic growth to the nation and bring hope back to Americans, reports USIS.

"This election is a clarion call for our country to face the challenges of the end of the Cold War and the beginning of the next century," Clinton told thousands of cheering supporters in Little Rock, Arkansas, after he defeated incumbent President George Bush and ended 12 years of Republican leadership in the White House.

Addressing the crowd gathered outside Arkansas' Old State House around 0530 GMT November 4, the 46-year-old Arkansas governor, with 44-year-old Vice President-elect Albert Gore at his side, promised they would do their best to offer "a new partnership for a new America."

Clinton, his voice still hoarse after the rigorous final day of a long and gruelling campaign, promised to select the best qualified people to serve in the first Democratic administration since former president Jimmy Carter left office.

Senator Gore, a 15-year congressional veteran from Tennessee, told the jubilant crowd, "This has been a time of discovery" and time of "renewed hope." Promising to bring "a different perspective" to government, Gore noted that the new administration will mark the first time that the executive office will be occupied by leaders born after World War II.

Addressing a gathering of his supporters in Dallas, Perot said he would continue his effort to press for elimination of the federal deficit and of what he regards as control of government by "special interests." Urging the crowd to remain active in politics, Perot said the "election is behind us" and the time had come to "work together to build our great country."

Reuter adds: President-elect Clinton can expect early pressure to deliver on his campaign promises of faster economic growth and more jobs, and will have to make good without adding to the yawning budget deficit.

"I don't think he has to deliver miracles," said Lyle Gramley, Consulting Economist for the Mortgage Bankers Association. "What he has to do is get some improvement underway reasonably soon."

Clinton has said he plans an aggressive first 100 days in office and has made job creation his top priority.

Americans weary of slow economic growth and high unemployment decided Tuesday they preferred Democrat Clinton's activist approach to the economy to President Bush's hands-off philosophy.

"By Clinton coming out of the box and working this right away, he is not only making it feasible to get a plan in quicker, but he is also sending the message that...the economic problems of our country should have the same sense of urgency as foreign policy," said Clinton's Economic Policy Director Gene Sperling.

Clinton inherits an economy that after more than three years of slow growth and recession appears to be slowly on the mend. But it is still a long way from the kind of growth that will make a big dent in the 7.5 per cent unemployment rate.

He has promised a jobs programme that emphasises investment in the nation's infrastructure and encourages business investment through targeted tax credits.

"It is not a plan for deficit spending, it is a plan to increase investment," Sperling said.

The sluggish economy was the number one issue on voters' minds on Tuesday and the main reason behind Bush's fall in popularity from an unprecedented 90 per cent approval rating following the end of the Gulf War to record lows last summer.

Polls showed Bush's support among voters improving with the economy in the final weeks of the campaign. But a report last week that Gross Domestic Product expanded by a respectable 2.7 per cent annual rate in the third quarter was too little, too late to help the President hold on to his job.

Economists say Clinton's biggest task will be to turn around the country's sour mood and boost consumer confidence.

"Confidence is actually weaker than reality," said David Jones, Chief Economist with Aubrey Langston and Co.

During the campaign Bush painted a picture of an economy that was doing better than was being portrayed by the media.

But in the end, his message of less spending and less taxes was not as appealing to voters as Clinton's plans for action on the economy.

Bush was also slow to recognise the severity of the economy's problems last year when the country was struggling to come out of nine months of recession, Jones said.

"Bush's problem was that he didn't read reality early enough, which was a double-dip type recession last year, and he hadn't done anything about it in his plans," Jones said.

While Bush's problem may have been that he did not do enough, the biggest worry about Clinton is that he may do too much and add to the 300 dollar billion-plus annual deficit.

Failure to deal with the deficit will mean more inflation and higher long-term interest rates that could choke the economy just as he seeks re-election in 1996.

Clinton has promised to halve the deficit over four years. He said that is a balanced approach to deficit reduction that will allow him to follow through on his pledge to boost government and business investment.

James Jones, a former Democratic congressman and chairman of the American Stock Exchange, said that is one promise Clinton must keep if he wants a second term as President.

"Bill Clinton will be a one-term unless he fulfills his promise to get the deficit down 50 per cent in the four years of his administration," he said.

Belgium becomes sixth EC member to approve Maastricht

BRUSSELS, Nov 5: The Senate approved the Maastricht Treaty on European union Wednesday, making Belgium the sixth European Community state to approve the EC's drive for single foreign, defence and monetary policies, reports AP.

Belgium's upper house of parliament, voted 115-to-26 with one abstention to endorse the treaty. The House of Representatives backed it on July 18 by a 146-to-33 margin.

Legislative approval of the union treaty was widely expected in Belgium, long an ardent backer of European integration and whose capital is the home of the EC headquarters.

The treaty has also been ratified by the parliaments of Greece, Italy and Luxembourg as well as in French and Irish referendums.

The accord, which must be ratified in all 12 EC states before it can take effect on Jan. 1, 1993, was narrowly rejected in a Danish referendum on June 2.

Belgian ratification came as British Prime Minister John Major faced down a growing Conservative Party revolt over the treaty in the House of Commons.

Major has staked his reputation on getting endorsement in principle for the Maastricht Treaty which he adopted with the other 11 EC leaders in December, 1991.

China to triple domestic crude oil prices

HONG KONG, Nov 5: China will triple the domestic price of crude oil in January following the victory of economic reformers at last month's Communist Party congress, a Hong Kong-based magazine said on Wednesday, reports Reuter.

The Far Eastern Economic Review quoted Chinese officials as saying the rise to 650 yuan (121 dollar) a tonne from 200 (37 dollar) would bring the domestic crude price close to world levels for the first time since the 1973 global oil-shock.

Officials of the China National Petrochemical Corp had told a foreign energy consultant about the rise, it added.

The report will appear in the weekly's November 5 edition.

Sharp price rises have long been a sensitive issue in China. But the review said reformers had been emboldened by the congress's commitment to economic reform.

The magazine said the rise should boost China's oil exploration industry, which is struggling to find new fields to meet soaring demand for fuel.

Mexico rules out any renegotiation of free trade treaty

MEXICO CITY, Nov 5: The trilateral free trade pact between Mexico, Canada and the United States is "final and will not be subject to any kind of renegotiation" after Bill Clinton's win in the US presidential race, Mexico's Trade Minister said Wednesday, reports AFP.

Trade Minister Jaime Serra Puche, in a statement released by the presidential palace on the North American Free Trade Agreement (NAFTA), said some of the concerns Clinton has voiced about the plan with regard to labour and environmental regulations would be taken up at bilateral agenda talks in March, 1993.

US President George Bush had been a strong proponent of the pact, which would forge the world's largest free trade zone with some 360 million consumers and combined gross domestic product of six trillion US dollar.

Clinton hesitated on backing the plan, but then threw his support behind it stressing some additional environmental and labour concerns should be addressed. US and Canadian environmentalists have complained that Mexico's environmental protection standards are relatively lax, while unions and others have worried that more manufacturing jobs would move to Mexico, where wages are lower.

Serra Puche stressed that "the negotiations were completed among the executive branches, and there was a signing (of the NAFTA treaty) by the negotiators as a sign that there has been an agreement on a final legal text, which already is being distributed around the whole country."

Clinton's move to the White House "changes absolutely nothing, things will keep moving forward as they had been set out previously" Serra Puche said.

Venezuela fears Clinton's policies

AP from Caracas adds: Venezuela expressed concern Wednesday over Clinton's policies on oil and the environment.

Venezuelan Foreign Minister Fernando Ochoa cited a Clinton proposal that the United States import less and produce more of its energy supply, including oil. Clinton also has said he will emphasize protection of the environment.

"This without doubt could harm oil countries like Venezuela," Ochoa said.

Oil prices drop

Reuter from London adds: World oil prices tumbled as the International Energy Agency (IEA) said OPEC supply rose sharply in October to exceed 25 million barrels a day for the first time since 1980.

This coincided with other statistics that showed an unexpectedly big rise in crude oil stocks had in the United States, a sign that OPEC had turned the tap on two much.

Some traders said Bill Clinton's US election victory was further bad news for oil prices, as it might hasten a return of embargoed Iraqi exports to a surplus-laden market.

Loot from UK's biggest robbery to be auctioned

LONDON, Nov 5: Precious stones, jewelry and wristwatches recovered from Britain's biggest robbery will be auctioned in London next month after being unclaimed by their owners, reports AP.

Christie's said Thursday it expects to realize up to 150,000 pounds (232,500 dollar) from the sale which includes unmounted diamonds, gems and a miniature gold replica of a sawed-off shotgun.

The proceeds of the Dec. eight and nine sale will go to people who suffered financially in the raid, the auction house said.

The sale lots were recovered from Valerio Viccei, a professional Italian criminal, who masterminded the looting of the Knightsbridge Safe Deposit Centre in London near Harrods store in 1987. Viccei and an accomplice were admitted to the centre through a rear entrance by the managing director who colluded with them.

Police estimated the total value of the haul at between 30 million and 60 million pounds (then 48 million and 96 million dollar). They said much of it is still missing and the exact amount will never be known as criminals were among those renting the 121 looted deposit boxes.

Indian economy set for 7 pc growth by mid-90s

NEW DELHI, Nov 5: India's state-dominated economy should achieve six to seven per cent growth by the mid-1990s under the impetus of major market-oriented reforms, Finance Minister Manmohan Singh said here, reports Reuter.

Gross Domestic Product (GDP) growth in 1992/93 (April/March) was forecast at 3.5 per cent "but I think we should do better than that" Singh told a meeting of the Asian Association of Management Organisations.

GDP was projected to grow by five per cent in the following fiscal year and six to seven per cent by 1994/95, he said. That rate of growth would result in a doubling of India's GDP in a decade, he added.

India must integrate with the world economy and at the same time prepare to face international competition, Singh said.

"India cannot be an island cut off from the rest of the world," he said. "If we have international ambitions— as a country of 850 million must have —then we must prepare ourselves."

The government had succeeded in nearly halving the rate of inflation from 17 per cent in August 1991 to around nine per cent last month, primarily by slashing the government's chronically bloated fiscal deficit, he said.

"But this is not the rate of inflation we can live with when the rest of the world is at three to four per cent inflation," he added.

Imelda ready to waive claims over money in Swiss banks

MANILA, Nov 5: Imelda Marcos is ready to waive claims over 350 million dollar in Swiss banks if the funds can be transferred to the Philippine Central Bank, her lawyer said Thursday, reports AP.

The money is the subject of litigation involving the former first lady, Swiss authorities and the Philippine government. The Swiss Federal Tribunal ruled in 1990 that the money could be transferred to the Manila government if it could prove the funds were illegally obtained.

Earlier this month, Solicitor General Raul Goco suggested that the money could be transferred to the Central Bank pending a settlement of the case.

On Thursday, Antonio Coronel, Mrs Marcos' lawyer, said the former first lady would drop her claim on condition the money be transferred to a foundation and used to finance public welfare projects.

Coronel said Mrs Marcos was willing to have the government name members of the foundation's board of directors. The government in turn would drop civil cases involving the money.

"That way, we save litigation on the money," Coronel said.

There was no immediate comment from the government. But sources close to Mrs Marcos, speaking on condition of anonymity, said informal negotiations were underway to resolve the money issue.

PARIS: An employee at the Paris Stock Exchange taking a look at the French daily 'Liberation' November 4, which frontpaged the victory of governor Bill Clinton to become the United States' 42nd President. The Paris Bourse gained almost one per cent by comparison with the Tuesday close. — AFP/UNB photo

Paramount Pictures names new studio chief

LOS ANGELES, Nov 5: Paramount Communications Inc, named producer Sherry Lansing as its new studio chief Wednesday, but she will not wield the same powers held by Brandon Tartikoff, who resigned last week, reports AP.

The producer of such films as "Fatal Attraction" and "The Accused," Lansing will be given the new title of chairman of the Motion Picture Group of Paramount Pictures, the company said.

Unlike NBC veteran Tartikoff, Lansing will not oversee Paramount's television division. That department will continue reporting to Kerry McCluggage, president of the television Group. Both Lansing and McCluggage will report to Stanley Jaffe, president of Paramount Communications.

Recession hits Queen's dressmaker

LONDON, Nov 5: Queen Elizabeth's dressmaker Norman Hartnell has become the latest victim of Britain's recession with the receivers called in and the business put up for sale, reports Reuter.

The celebrated fashion house, famous for designing many of the Queen's dresses, including her wedding and coronation gowns, remains open, but only to complete old orders.

Hartnell, in the exclusive Mayfair region of London, blamed its financial difficulties on the prolonged recession combined with the worldwide depression in the haute-couture industry and luxury brand goods market.

"The London business is available for sale but I don't hold out much hope of finding a buyer," said the receiver Roger Harper, who was called in late on Tuesday.

The company was set up in 1923 by Sir Norman Hartnell. The Queen turned to him to design many of the dresses for her most prestigious engagements. But when Hartnell died in 1979, the Queen used the fashion house only on rare occasions.

US may find new agro markets in Germany

WASHINGTON, Nov 5: US farmers may find profitable new markets in eastern Germany because of a tremendous restructuring of that country's food-retailing practices, according to American trade experts, reports AP.

"There is not only a greater selection of food products, but Western-style shopping centres and supermarkets may lead to a greater demand for convenience foods, frozen foods and fresh fruits from the United States," says a report in this month's issue of USDA's AgExporter magazine.

Plants and dairies that folded after reunification of East and West Germany in 1990 are being rebuilt, so eastern Germany should have one of the most modern food-processing industries in Europe in a few years, said Kenneth L. Murray, US agricultural attache in Berlin.

"The change in eastern Germany's food retailing market has been dramatic since unification in late 1990," the report said. "Under the former Communist government, virtually no Western high-value food products were allowed for import. Luxury goods, either imported or domestic, were in tight supply and therefore allocated to state-owned stores."

A strong shift toward large stores and shopping centers should bring opportunities for US high-value food products, the report said.

Failed EC-US farm talks raises prospects of trade war

BRUSSELS, Nov 5: Failure by the United States and Europe to end a bitter farm dispute likely dooms chances for a world trade accord by year's end and raises the prospect of an all-out trade war, reports AP.

On Wednesday, the United States asked the world trade body to allow it to impose punitive tariffs on one billion dollar worth of European goods, and the European Community immediately vowed to fight back with its own sanctions.

Rufus Yerxa, US envoy to the 105-nation General Agreement on Tariffs and Trade, made the announcement in Geneva before asking a session of GATT's decision-making council to approve the move.

The breakdown in the farm talks — and Bill Clinton's election as the new American president — will likely put on hold the negotiations, possibly until early next year.

The inability of the United States and the EC late Tuesday to settle their differences delivered a sharp setback to an effort by 108 nations to overhaul the world trading system.

Clinton, who will not take office until late January, would probably want to have some influence on the trade negotiations, which cover a host of areas, including agriculture, textiles, manufactured goods and services.

EC will retaliate US sanctions

Another report adds : The European Community will retaliate if the United States imposes sanctions against Europe following a breakdown in talks over farm subsidies.

On Wednesday, the trade bloc braced itself for a trade war with the United States, warning it will impose trade sanctions on American products if the United States begins a trade war.

EC trade chief Frans Andriessen vowed to fight back if Washington goes ahead with its threat to slap punitive tariffs on one billion dollar worth of European goods.

"If the United States enters into sanctions, the Commission shall try to do what it can to establish counter sanctions," he said, referring to the trading bloc's executive agency.

"If we have to counter retaliate, we will do it in proportion" to the size of any American action, he told a news conference.

Russia's privatisation voucher plan going at slow pace

MOSCOW, Nov 5: Nearly nine out of 10 Russians still don't have vouchers in the government's historic privatisation campaign, but officials insisted Wednesday the programme was on track, reports AP.

President Boris Yeltsin has made privatisation a centerpiece of his reforms. He is under intense pressure to show some results before parliament meets Dec. 1, when critics are expected to try to roll back the programme.

Each of the country's 148 million people were to get a privatisation check by Dec 31. Auctions are to begin next year in which vouchers can be exchanged for stock in newly privatised companies.

Officials began distributing vouchers Oct 1. By this week, 12-13 per cent of citizens picked up one of the cream-coloured certificates, deputy Prime Minister Anatoly Chubais said at a news conference.

If distribution continued at the current pace, it was unlikely all Russians would get a voucher by year's end. The effort could be hampered further by winter transportation problems.

A privatisation consultant from the European Bank for Reconstruction Development, Peter Stredder, told The Associated Press separately that distribution has been "a little on the slow side, but it's not horrible."

But Stredder gave officials high marks for a part of the plan in which state-owned companies can submit incorporation plans for approval by the State Property Committee. After approval, companies must give part of their stock to workers, and sell the rest in auctions for vouchers or rubles.

"My own view is the whole programme has gone astonishingly well," Stredder said. "To have gotten 5,600 (companies) to submit plans by October is surprising."

Dollar off in Tokyo

TOKYO, Nov 5: The US dollar closed lower against the Japanese yen in Tokyo Thursday, as share prices also edged down in thin trading, reports AP.

The dollar closed at 122.68 yen, down 0.22 yen from Wednesday's close. After opening at 122.70 yen, it ranged from 122.50 yen to 122.80 yen. In New York, the dollar finished at 123.05 yen on Wednesday.

The US currency was trading in a narrow range ahead of Friday's release of the US employment data for October.

Dealers said the dollar would likely retain strength in coming weeks on speculation that US interest rates would not be cut ahead of the Jan 20 inauguration of Bill Clinton as the next US president.

Trading on both stock and foreign exchange markets did not seem to be much affected by Clinton's victory, which had long been taken into account, traders said.

The 225-issue Nikkei Stock Average lost 33.61 points, or 0.20 per cent, to close at 17,031.59 points. On Wednesday, the average rose 211.84 points, or 1.26 per cent, closing at 17,065.20 points.

The Tokyo Stock Price Index of all issues listed on the first section fell 5.48 points, or 0.42 per cent, to close at 1,288.37 points. The TOPIX on Wednesday gained 13.41 points, or 1.05 per cent, ending at 1,293.85 points.

Steel — the new sunshine sector for India's private entrepreneurs

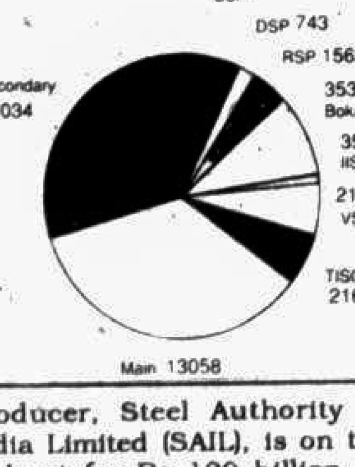
China's Mao Tse Tung had wanted a steel plant installed in every Chinese village. India's first Prime Minister Jawaharlal Nehru called them the 'temples of modern India'. And today's India still considers steel important enough to accord it the highest priority in policy making.

Recent changes in government policies have transformed the steel industry from a preserve of the state sector into a sunshine area for private entrepreneurs. The country awaits several more people like Jamshedji Tata, father of the Indian steel industry who also founded TISCO the Tata Iron and Steel Company.

Last year the government abolished the licensing for steel units and the new year saw a flurry of measures. First, government controls on steel prices were removed. Then the freight equalisation plan was rationalised so that producers now have to bear freight charges only when they exceed a certain limit. Tariffs were sharply cut on pig iron, scrap and unworked steel.

These changes occurred for two reasons. One, the supply gap is yawning. With its 20 million-tonne-a-year capacity, India has 20 kg of steel for every Indian which is low even when compared to China (65 kg per capita). The global average is more than 600 kg. Two, the government does not have resources to modernise the antiquated steelmill techniques and raise production. So it has to look for private investors.

The biggest state sector



producer, Steel Authority of India Limited (SAIL), is on the lookout for Rs 120 billion. It intends modernising two dowagers. Rourkela steel plant (the bill, Rs 40 billion) and Bokaro (Rs 30 billion). The remaining Rs 50 billion is meant for other projects.

But the jewel in the crown will be modernisation of the 70 year-old Indian Iron and Steel Company (IISCO). Small wonder that SAIL has hit the market in search of hard cash — Rs 68 billion. It invited bids from the private sector for a joint venture with IISCO. The only qualification required: somebody who is ready to foot the bill. By the August 17 deadline, the steel ministry had received about a dozen bids.

The message has gone across that if one invests in steel in India, one cannot lose. But ask the Indian entrepreneur and he will tell you he had known it all along. For since the mid 80s, the smaller manufacturers were the ones who have progressed. Take the youngsters, for instance, Essar Gujarat or Grasimor Nippon Denro. They are the small gas-based steel plants who had been quietly chipping away to produce a total of 5 million tonnes today. By 1994, they will add 4 million tonnes more to their capacity.

India, otherwise, produces 20 million tonnes of steel. The public sector accounts for 13 million tonnes of that, TISCO contributes two million and the remainder is the responsibility of the mini giants. But with demand outstripping supply at a rate of two to one, there is more steel that needs to be tempered.

Compare this to China. It used to produce 140,000 tonnes of steel in 1949. Now it produces 70 million. The steel ministry envisages a 25 per cent growth in output by 1997 — from 20 million now to 25 million. And by the turn of the century, 2001, they predict that production will increase by 50 per cent — from 25 million tonnes to 38 million.

The changes in policy have resulted in a rush form making sponge and pig iron too. The secondary steel industry had been annually importing about 2.5 million tonnes of scrap. Most of that had been coming from the former Soviet Union.

—India Update